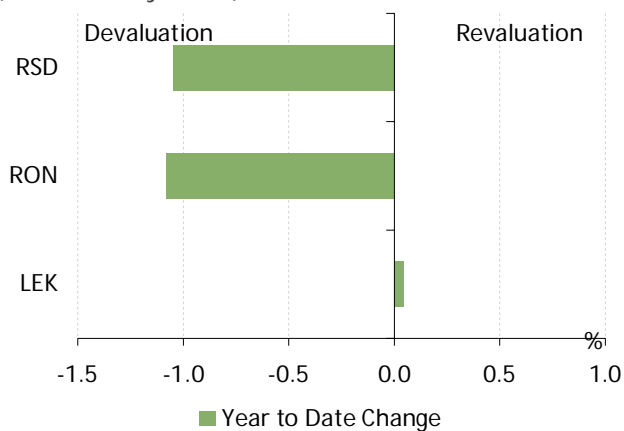


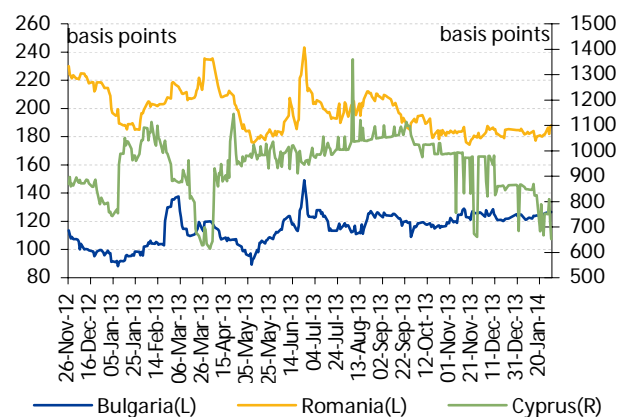


## ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

- On January 29th, the Bank of Albania (BoA) decided to keep its key policy rate unchanged at the historically low level of 3.0%. The last rate cut, of 25 bps, was in December.
- The International Monetary Fund (IMF) concluded its Article IV consultation with Bulgaria, noting that domestic demand is expected to recover in 2014, while exports and FDIs will benefit from the recovery in the European Union (EU). The IMF observes that the country's strong fiscal finances leave room for it to promote economic growth.
- The Central Bank of Cyprus (CBC) and the Ministry of Finance (MoF) noted on January 30th that the Bank of Cyprus' decision to release fixed-term deposits is significant. This action by the Bank of Cyprus signals the stabilization path that the local banking sector is on and will thus strengthen public and investor confidence.
- Public debt in Romania, according to Eurostat, increased to 38.9% of GDP in 2013Q3 compared to 38.6% in 2013Q2 and 36.4% in 2012Q3.
- On January 21st, Serbia began official EU accession talks in Brussels, while the country's president T. Nikolic announced that early elections will take place on March 16th.

Bilateral Exchange Rates vs. the Euro  
(30<sup>th</sup> January 2014)

## CDS 5Y USD



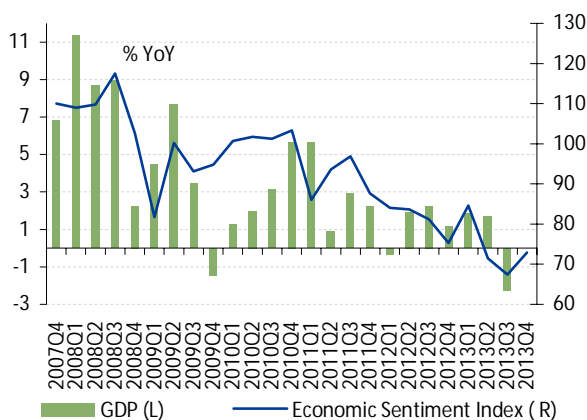
Macroeconomic Data									
	Real GDP (% YoY)			Inflation		Fiscal Balance (% GDP)		Current Account Balance (% GDP)	
	2012	2013f	Jan-Sept'13	2012	2013	2012	2013	2012	Jan-Nov'13
Albania	1.5	1.3	0.4	2.0	1.9	-3.4	-4.3	-10.5	-7.1 (Jan-Sept'13)
Bulgaria	0.8	0.6	0.4	3.0	0.9	-0.5	-0.7	-1.3	2.8
Cyprus	-2.4	-6.0	-5.5	2.4	-0.4	-4.9	-3.6	-6.8	0,2 (Jan-Sept'13)
Romania	0.5	2.7	2.7	3.3	4.0	-2.5	-2.5	-4.3	-0.9
Serbia	-1.5	1.5	2.3	7.3	7.9	-6.4	-4.8	-10.6	-3.8

Source: Piraeus Bank Research, Datastream, Bloomberg

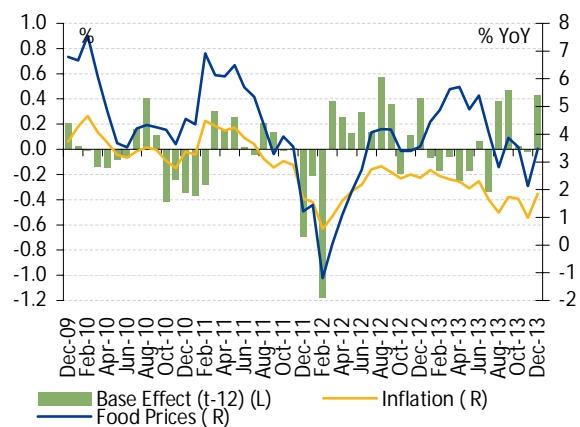
## A. ALBANIA

- The European Bank for Reconstruction and Development (EBRD) in its latest Regional Economic Prospects Report revised upwards the real GDP growth estimate for 2013 to 1.5% from 1.2% in its October Report, while for 2014 growth is expected to be 1.7%. The EBRD notes that Albania's strong economic ties to the Eurozone and the periphery, and the increasing government arrears moderated the economic recovery in 2013. For 2014, growth is expected to be constrained by the restrictive fiscal policy under the IMF agreement.
- The economic sentiment indicator in 2013Q4 increased to 72.9 from the downwardly revised figure of 67.4 in 2013Q3 and 75.3 in 2012Q4. This however is 27 percentage points below the threshold of 100 that separates positive from negative replies in the survey conducted. The improvement in the economic sentiment indicator in 2013Q4 was mainly due to improved industry, trade and services sentiments, whereas consumer sentiment declined in the same period. (Graph 1.0)

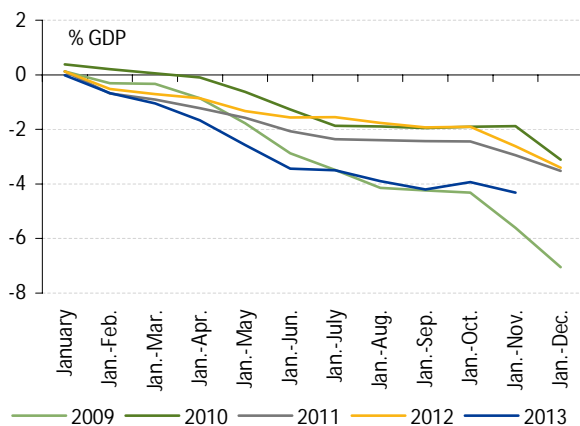
1.0 Real GDP & Economic Sentiment Index



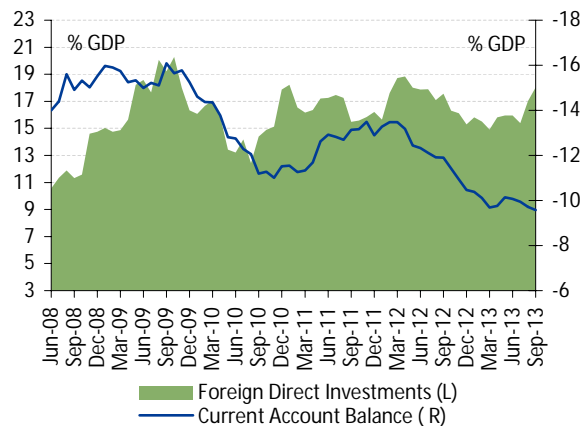
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



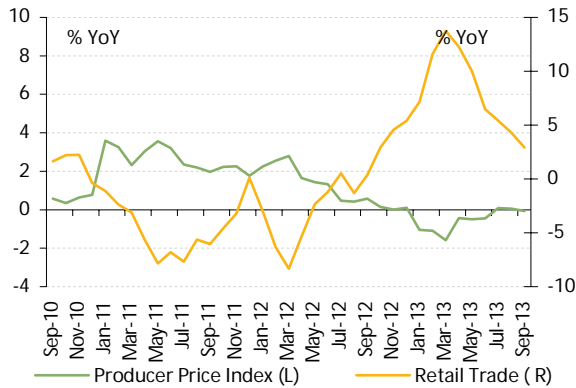
1.3 Current Account Balance & FDIs (12m rolling sum)



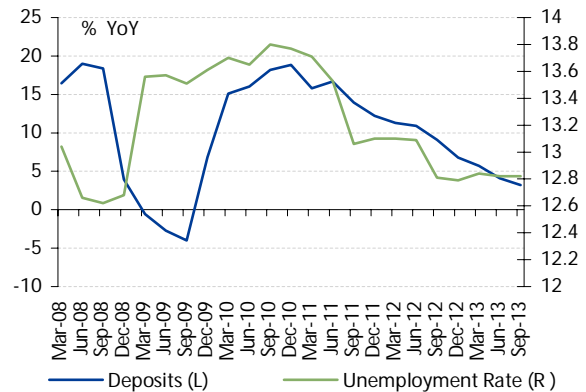
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

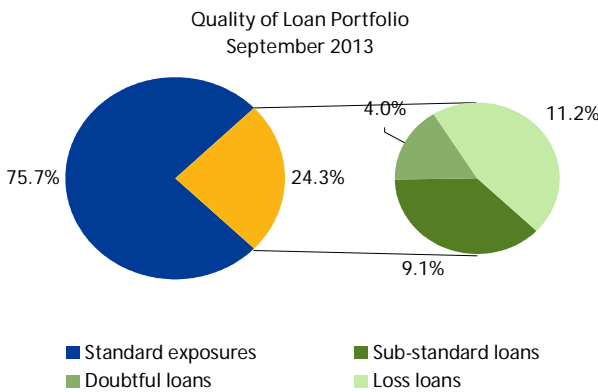
### 1.4 Producer Price Index & Retail Trade



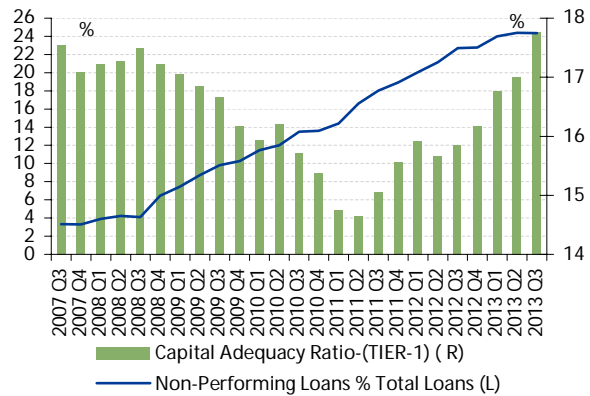
### 1.5 Total Deposits & Unemployment Rate



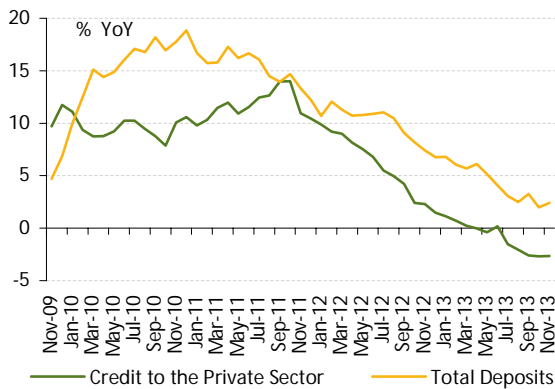
### 1.6 Quality of Loan Portfolio



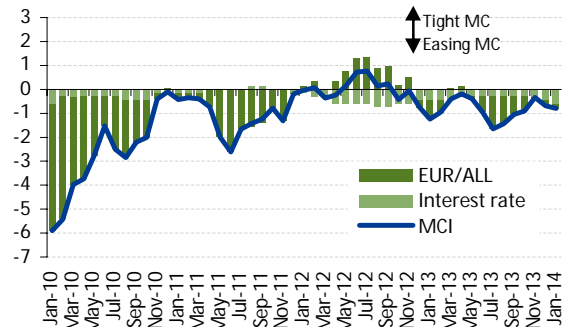
### 1.7 NPLs & Capital Adequacy Ratio



### 1.8 Credit Expansion & Total Deposits

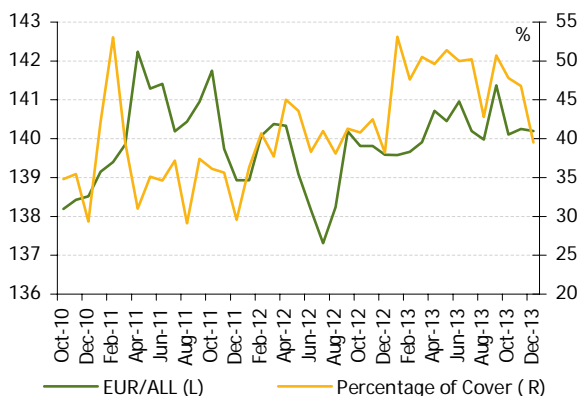


### 1.9 Monetary Conditions Index (MCI)

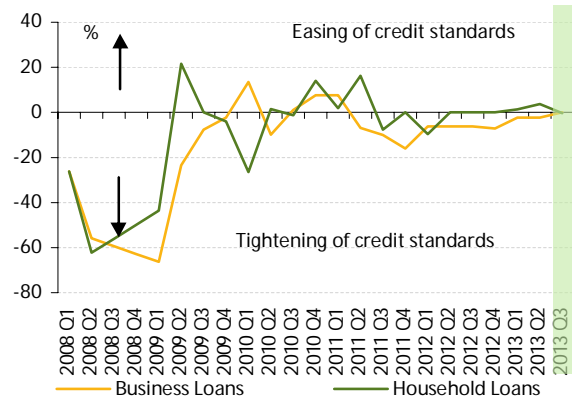


Note: The index is a weighted sum of the annual change in the policy rate (60% weight) and the fx rate (-40% weight)

### 2.0 EUR/ALL & Imports to Exports Coverage



### 2.1 Central Bank's Lending Survey

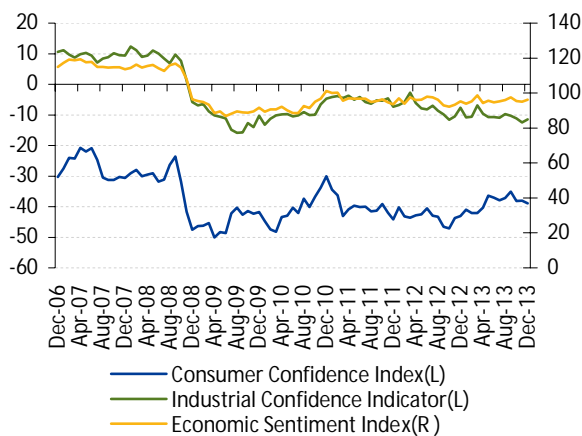


Source: Piraeus Bank Research, Datastream, National Sources

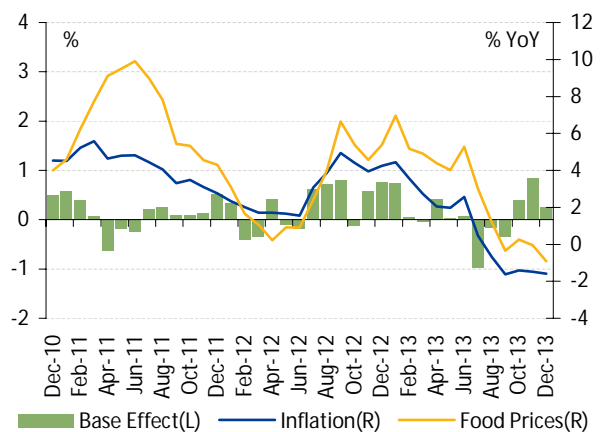
## B. BULGARIA

- The European Bank for Reconstruction and Development (EBRD) in its latest Regional Economic Prospects Report revised upwards the real GDP growth estimate for 2013 to 0.7% from 0.4% in its October Report, while for 2014 growth is expected to be 1.8%. The EBRD notes that economic recovery in 2013 reached sustainable levels as exports improved further. For 2014, growth is expected to increase at a faster rate due to the improvement in exports and the recovery in private consumption.
- The current account balance in the first eleven months of the year turned to a surplus of 2.8% of the expected annual GDP compared to a deficit of 0.5% in Jan-Nov 2012 due to the moderation in the trade deficit to 4.9% from 7.9% for the same periods. The current account balance was financed adequately as net FDIs stood at 3.0% of GDP in Jan–Nov from 4.4% in the same period last year. (Graph 1.3)
- In December foreign exchange reserves contracted by 4.6% YoY from an increase of 19.5% in December 2012, while in November reserves covered 121.0% of the short-term gross external debt unchanged from the figure for November last year. (Graph 1.8)
- In 2013, private sector credit contracted by 0.01% YoY from an increase of 2.8% in 2012, as business loans increased marginally by 0.1% from 5.0% for the same years. Household lending in 2013 contracted at a slower rate of 0.2% from -1.0% in 2012, while on the other hand private sector deposits increased at a faster rate of 8.4% from 4.5% for the same years. Finally, the liquidity ratio (loans/deposits) in 2013 moderated to 76.2% from 82.6% in 2012. (Graph 2.0)
- Public debt in Bulgaria, according to Eurostat, was 17.3% of GDP in 2013Q3 compared to 18.0% in 2013Q2 and 18.7% in 2012Q3.

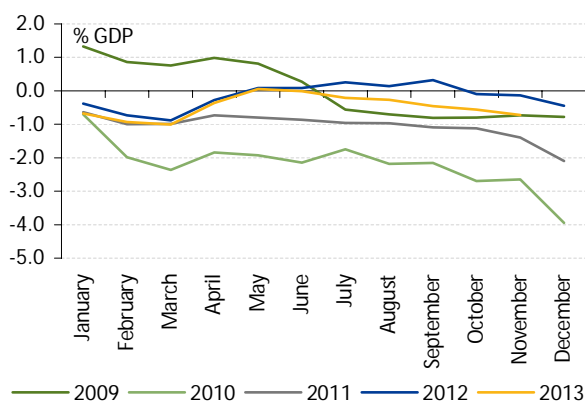
### 1.0 Leading Indicators



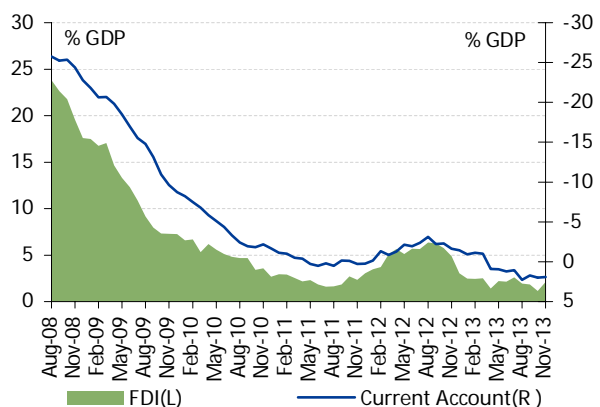
### 1.1 Inflation & Base Effect



### 1.2 Fiscal Balance



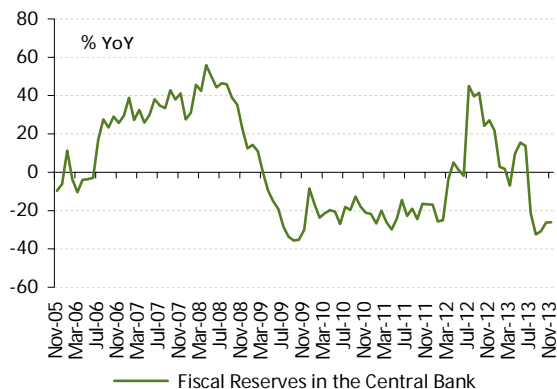
### 1.3 Current Account Balance & FDIs (12m rolling sum)



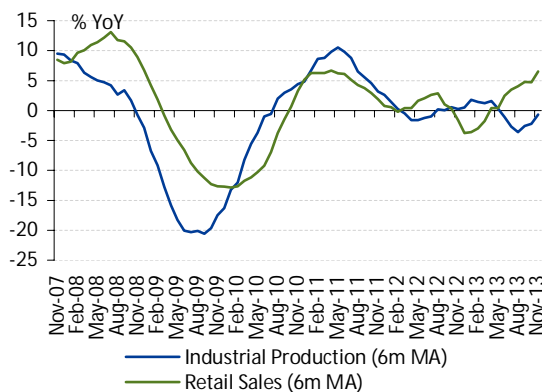
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

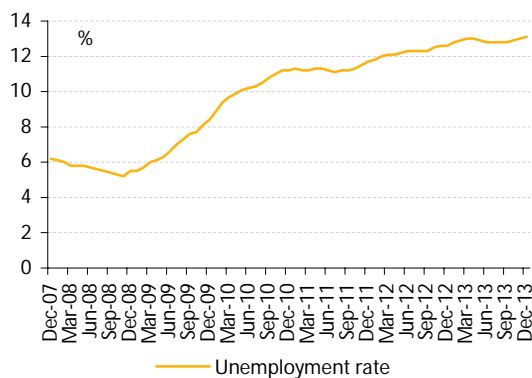
### 1.4 Fiscal Reserves



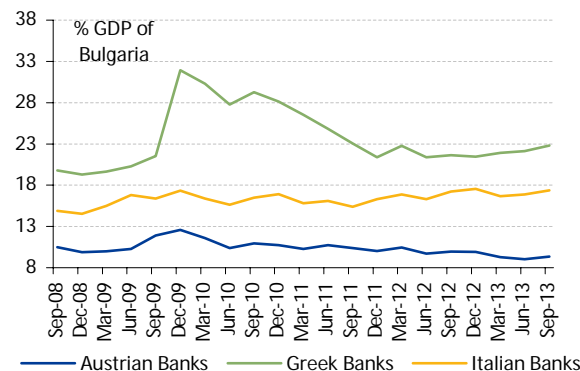
### 1.5 Industrial Production & Retail Sales



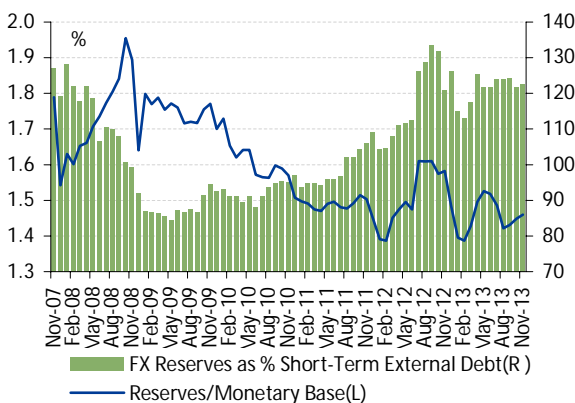
### 1.6 Unemployment Rate



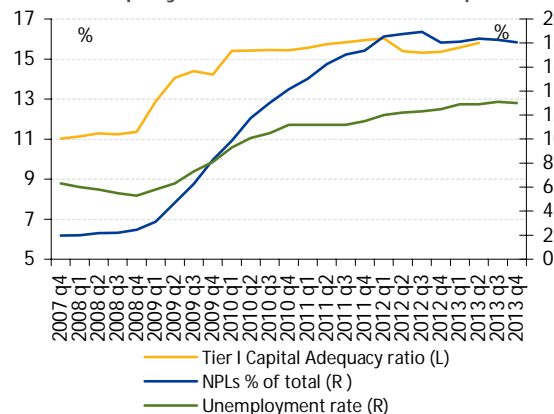
### 1.7 Foreign Claims



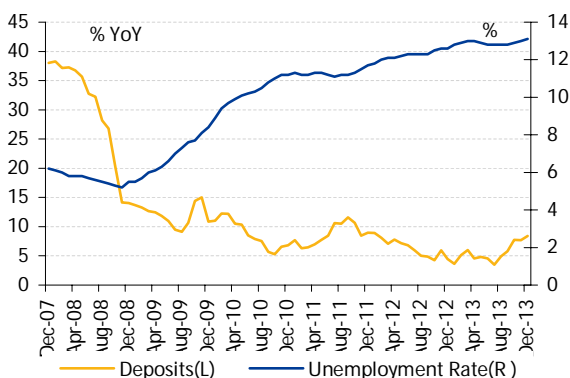
### 1.8 FX Reserves & Monetary Base



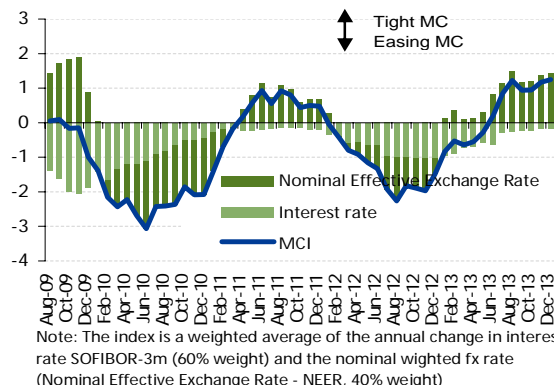
### 1.9 Unemployment Rate, NPLs & Capital Adequacy



### 2.0 Deposits & Unemployment Rate



### 2.1 Monetary Conditions Index (MCI)

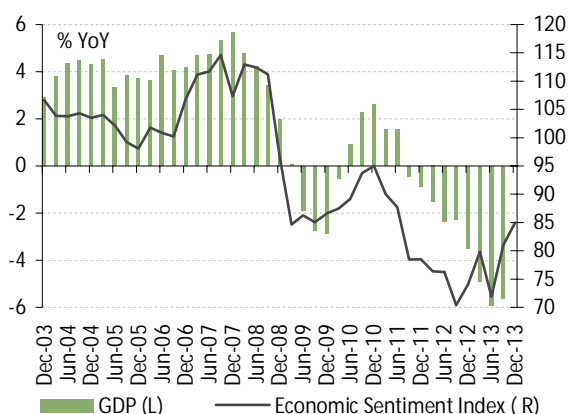


Source: Piraeus Bank Research, Datastream, National Sources, BIS

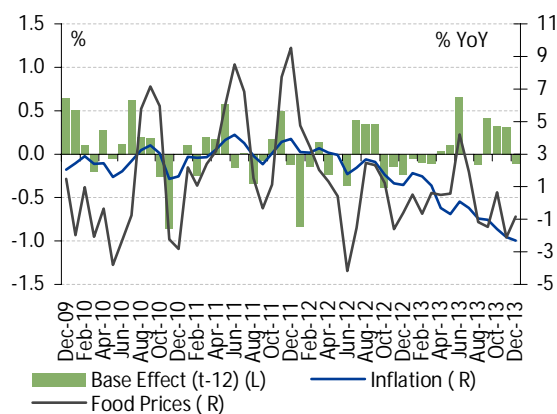
## C. CYPRUS

- Industrial production in November contracted by 14.4% after decreases of 11.4% YoY in October and 13.0% in November 2012, while retail trade decreased in October by 3.7% YoY compared to -5.3% in September and -4.6% in October 2012. In the construction sector, building permits contracted at a faster rate of 39.3% in October from a contraction of 30.1% in September and an increase of 3.6% in October last year. (Graph 1.7 & 1.5)
- Tourist arrivals increased marginally in December by 0.1% YoY after contracting by 2.9% in November and by 16.2% December 2012, while tourism revenues decreased by 5.8% YoY in November compared to an increase of 16.6% in October and a contraction of 3.0% in November 2012. (Graph 1.5 & 1.8)
- The current account balance in the first nine months of the year turned to a surplus of 0.2% of the expected annual GDP compared to a deficit of 4.3% in Jan-Sep 2012 due to the moderation in the trade deficit to 13.2% from 16.3% for the same periods. The services surplus improved by 15.3% of GDP in Jan-Sep from 14.2% in Jan-Sep 2012, while the current transfers' deficit contracted by 0.8% from 0.9% in the same periods. Additionally, the income deficit in Jan-Sep reached 1.0% of GDP compared to 1.3% in Jan-Sep last year, while the current account balance was financed adequately as net FDIs stood at 4.3% of GDP from 1.6% for the same periods. (Graph 1.4)
- In 2013, private sector credit contracted by 13.5% YoY compared to an increase of 5.2% in 2012, as business loans contracted by 12.8% from an increase of 6.8% and household loans decreased by 4.4% from an increase of 1.1% in the same years. Private sector deposits contracted by 23.1% YoY in 2013 compared to an increase of 1.2% in 2012, as residents deposits contracted by 15.0% from -1.1% in the same years. (Graph 2.0)
- Public debt, according to Eurostat, stood at 109.6% of GDP in 2013Q3 compared to 98.6% in 2013Q2 and 84.3% in 2013Q3.

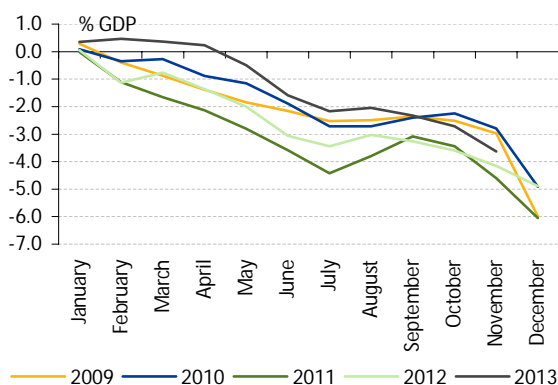
### 1.0 Real GDP & Economic Sentiment Indicator (ESI)



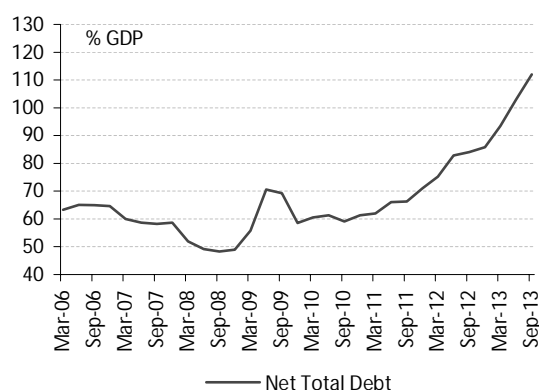
### 1.1 Inflation & Base Effect



### 1.2 Fiscal Balance



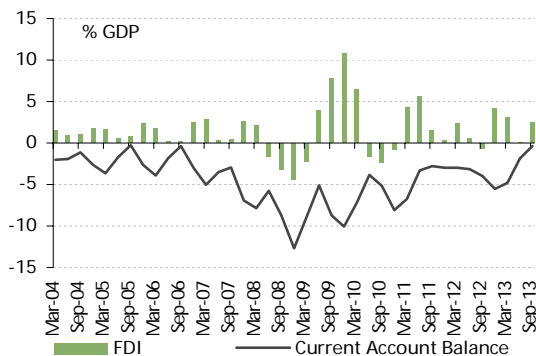
### 1.3 Public Debt



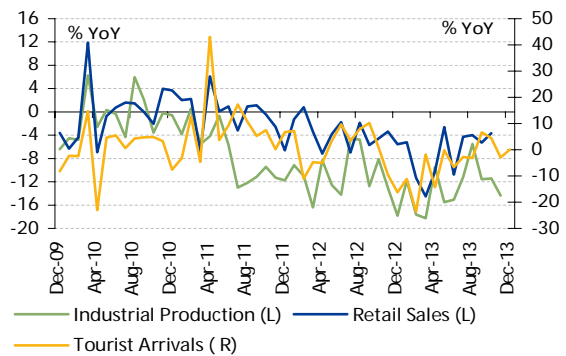
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

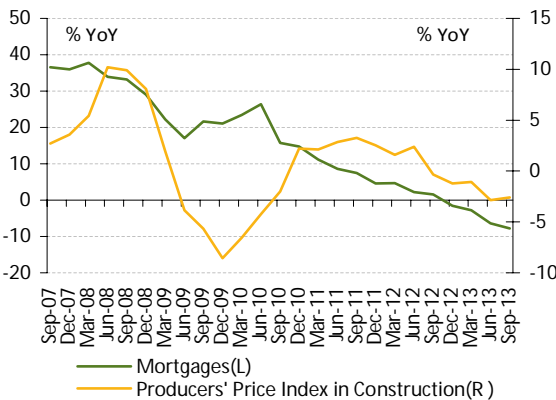
### 1.4 Current Account Balance (6m MA)



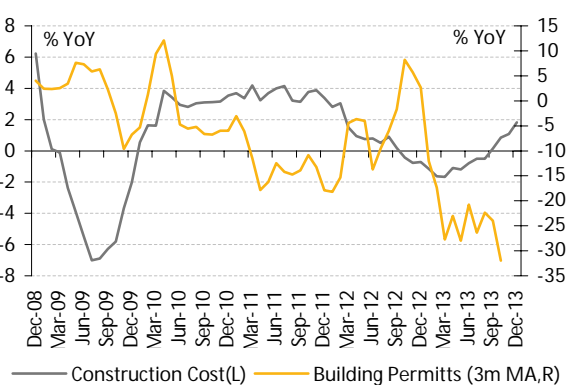
### 1.5 Industrial Production, Retail Sales & Tourist Arrivals



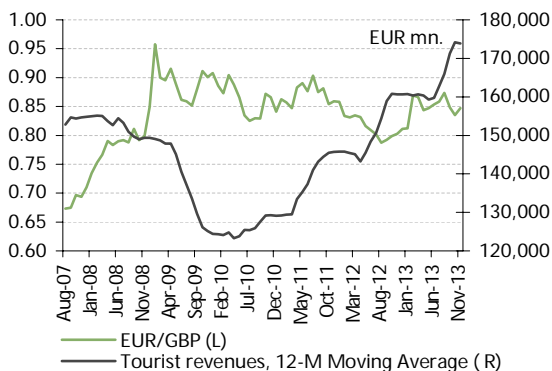
### 1.6 Mortgage Loans & Producer's Price Index in Construction



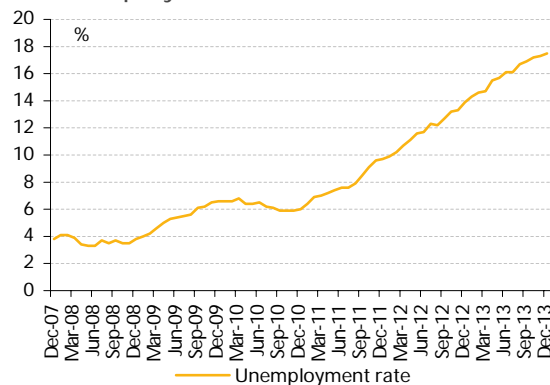
### 1.7 Construction Cost & Building Permits



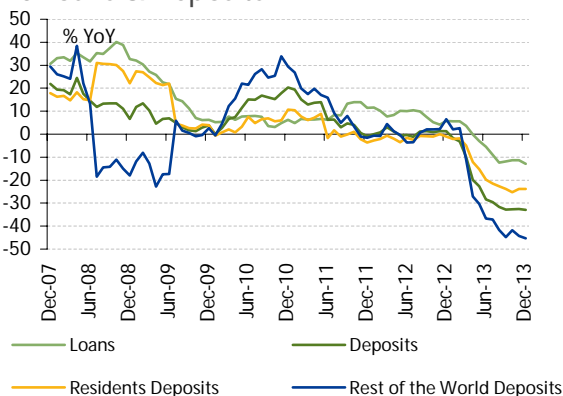
### 1.8 EUR/GBP & Tourism Revenues



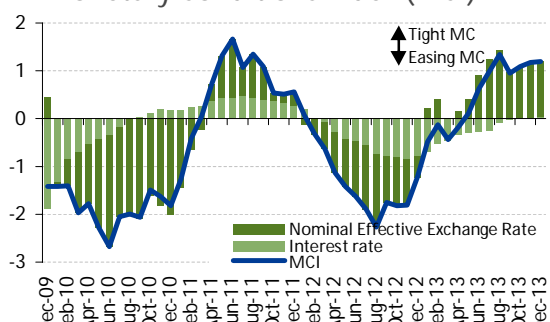
### 1.9 Unemployment Rate



### 2.0 Loans & Deposits



### 2.1 Monetary Conditions Index (MCI)

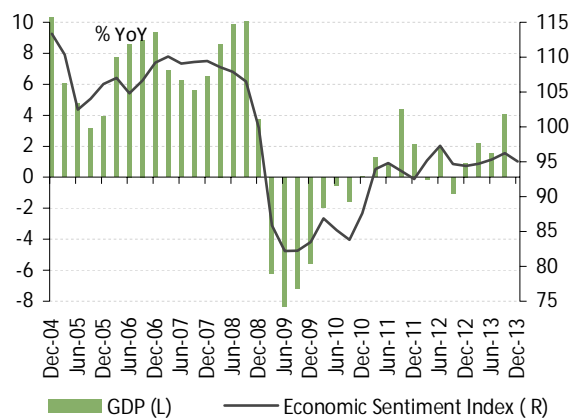


Note: The index is a weighted average of the annual change in interest rate EURIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

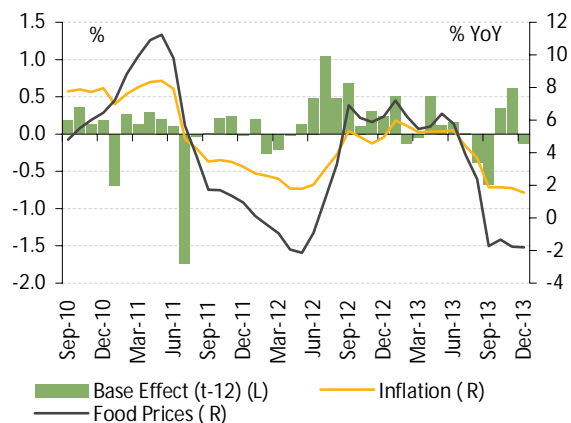
## D. ROMANIA

- The European Bank for Reconstruction and Development (EBRD) in its latest Regional Economic Prospects Report revised upwards the real GDP growth estimate for 2013 to 2.5% from 2.2% in its October Report, while for 2014 growth is expected to be 2.4%. The EBRD notes that economic activity improved in 2013 due to exports and the recovery in agricultural activity. For 2014, growth is expected to remain at the same levels due to exports and the recovery in domestic demand.
- The fiscal deficit in 2013 was 2.5% of GDP recording no change compared to 2012, while revenues declined to 31.9% from 32.9% in the same years. Public spending moderated to 34.5% of GDP in 2013 from 35.4% in 2012. (Graph 1.2)
- In November, gross external debt moderated to 69.1% of GDP from 73.4% in 2012. Both medium and short-term external debt declined in July. (Graph 1.7)
- The current account deficit in the first eleven months of the year moderated to 0.9% of the expected annual GDP compared to 4.0% in Jan-Nov 2012 due to the moderation in the trade deficit to 2.2% from 4.9% for the same periods. The current account balance was financed adequately as net FDIs stood at 1.7% of GDP in Jan–Nov from 1.5% in the same period last year. (Graph 1.3)
- Private sector credit in 2013 contracted by 3.3% YoY compared to an increase of 1.3% in 2012, as local currency loans increased at a marginally slower rate and foreign currency loans contracted in 2013. Business loans contracted by 5.1% YoY in 2013 from an increase of 5.2% in 2012, while household loans contracted by 1.2% YoY compared to a marginal increase of 0.2% in the same years. In 2012 private sector deposits increased at a faster rate of 9.3% YoY from 5.3% 2012, while the liquidity ratio (loans / deposits) was 101.3% from 114.5% in the same years. (Graphs 1.8 & 1.9)

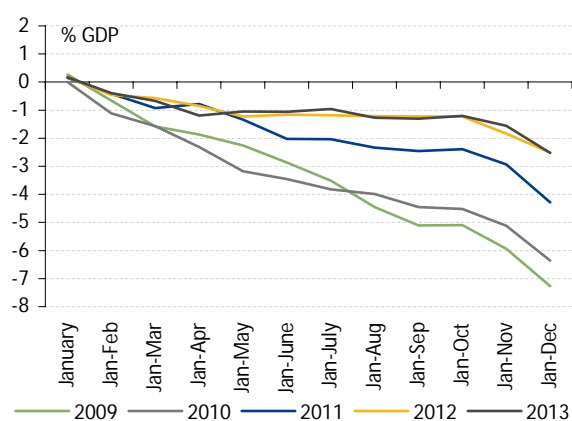
### 1.0 Leading Indicators



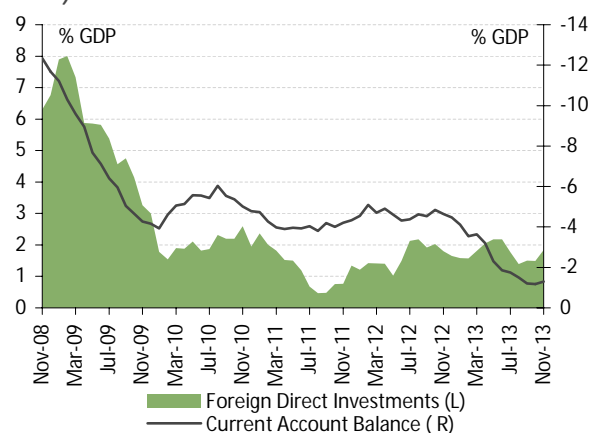
### 1.1 Inflation & Base Effect



### 1.2 Fiscal Balance



### 1.3 Current Account Balance & FDIs (12m rolling sum)

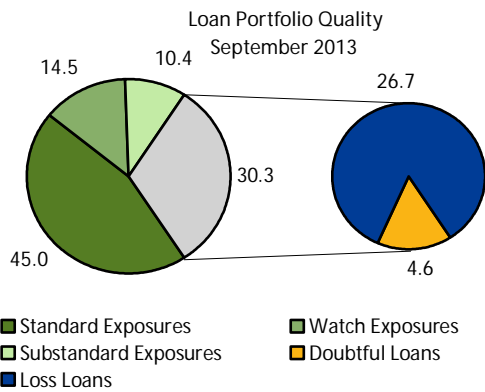


Source: Piraeus Bank Research, Datastream, National Sources

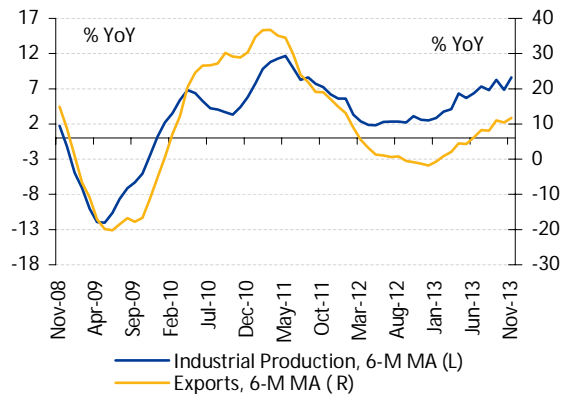


ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

### 1.4 Loan Portfolio Quality



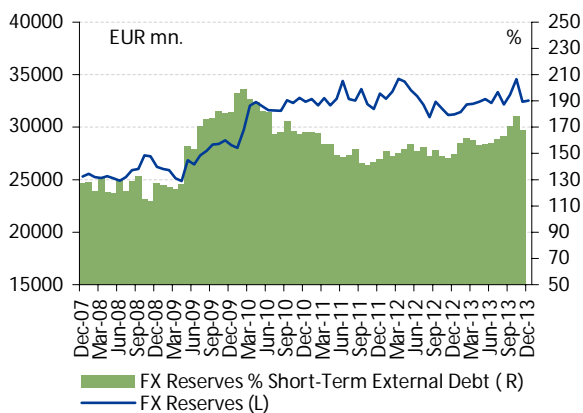
### 1.5 Industrial Production & Exports



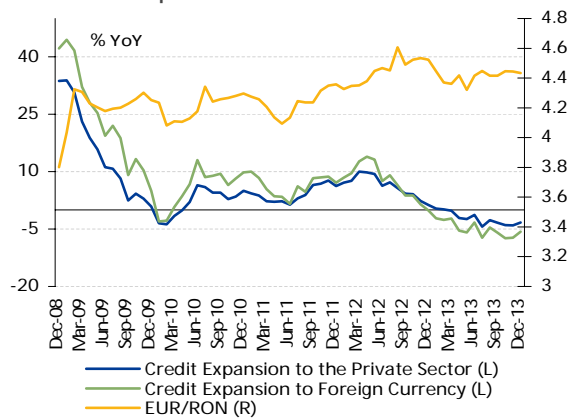
### 1.6 Unemployment Rate



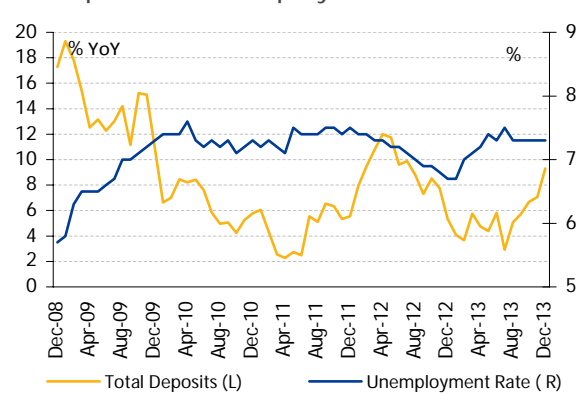
### 1.7 FX Reserves as % of Short-Term External Debt



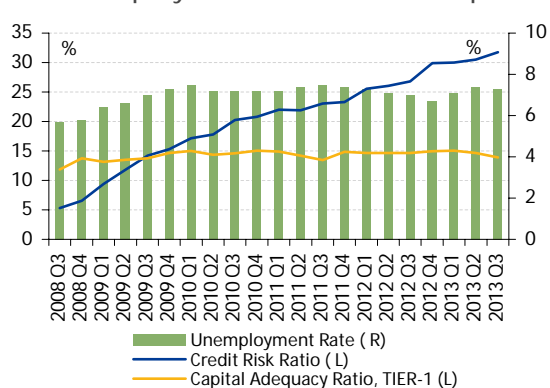
### 1.8 Credit Expansion & FX Rate



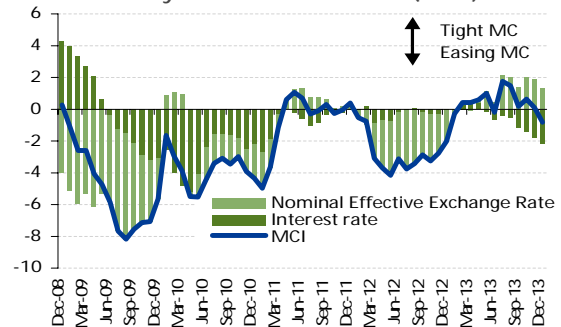
### 1.9 Deposits & Unemployment Rate



### 2.0 Unemployment Rate, NPLs & Capital Adequacy



### 2.1 Monetary Conditions Index (MCI)

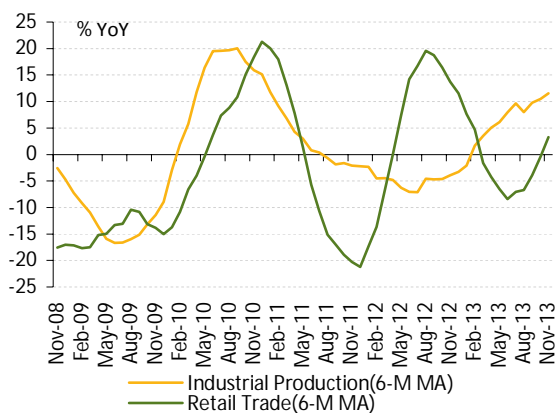


Note: The index is a weighted average of the annual change in interest rate BUBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

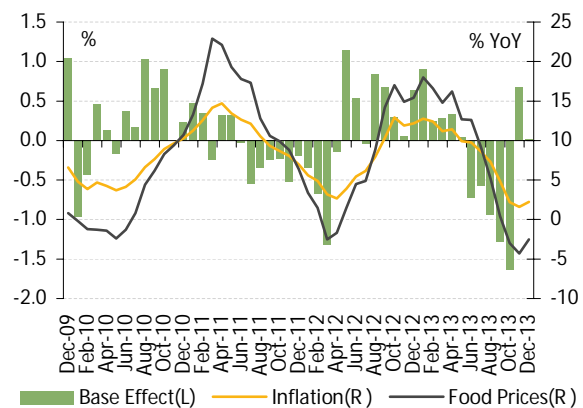
## E. SERBIA

- On January 17th, the international rating agency, Fitch, downgraded Serbia's long-term sovereign ratings in local and foreign currency to B+ from BB- with stable outlook. The main driving factors for the downgrade are the worsening fiscal balances and the prospects of subdued growth this year.
- In 2013, the fiscal deficit moderated to 4.90% of the expected annual GDP compared to 6.4% in 2012, due the decrease in public expenditures to 44.0% from 47.9% in the same years. Revenues, however, decreased to 39.2% of GDP in 2013 compared to 41.5% in the previous year. (Graph 1.2)
- The current account deficit improved significantly as it contracted in Jan-Nov to 3.8% of GDP from 9.3% in Jan-Nov 2012, due to the narrowing of the trade deficit to 10.6% from 15.2% in the same periods. The services surplus improved accordingly, while the current account deficit was comfortably financed by net FDIs, as the latter reached 2.0% of GDP in Jan-Nov compared to 0.3% for the same period last year. (Graph 1.3)
- Private sector credit contracted in 2013 by 4.5% YoY from an increase of 9.4% in 2012, as loans to businesses contracted and household lending increased at a slower rate. In 2013, private sector deposits increased by 4.9% YoY from 13.3% in 2012. (Graph 2.0)
- Public debt increased to 61.2% of GDP in 2013 from 59.3% in December 2012. (Graph 1.6)
- The National Bank of Serbia (NBS) decided keep its key policy rate unchanged at 9.5% in its January 16th meeting, as inflation is in the NBS's lower target tolerance band. (Graph 2.1)

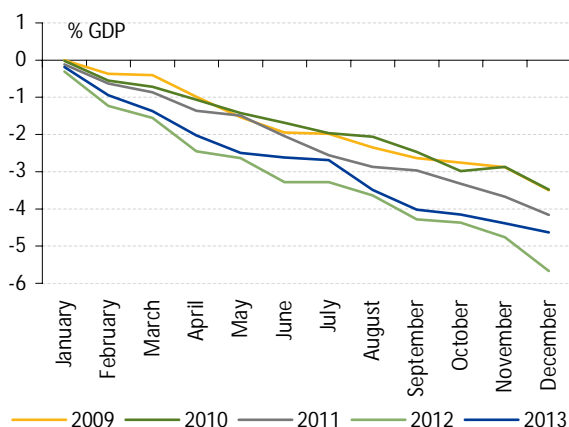
### 1.0 Leading Indicators



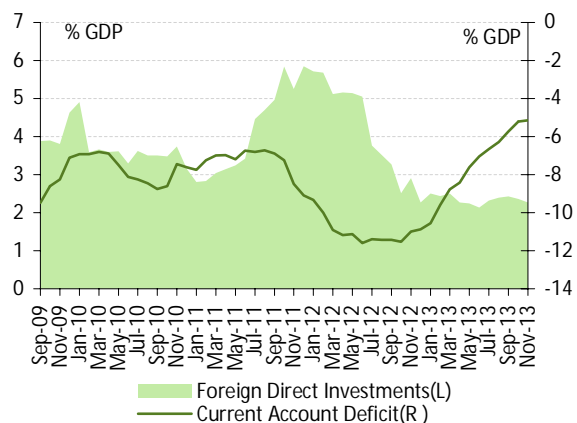
### 1.1 Inflation & Base Effect



### 1.2 Fiscal Balance



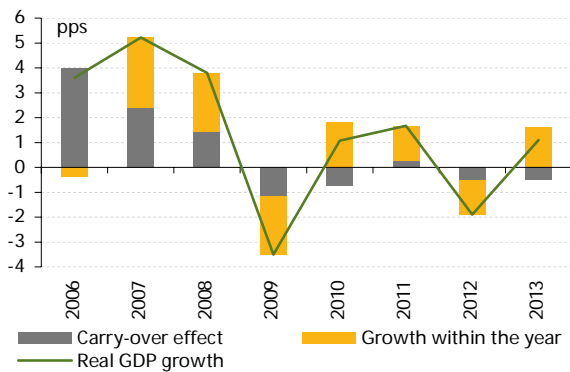
### 1.3 Current Account Balance & FDIs (12m rolling sum)



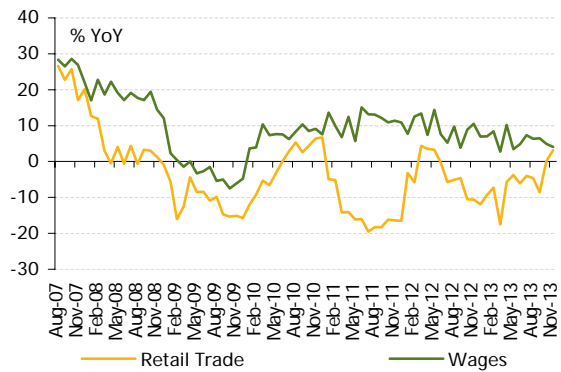
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

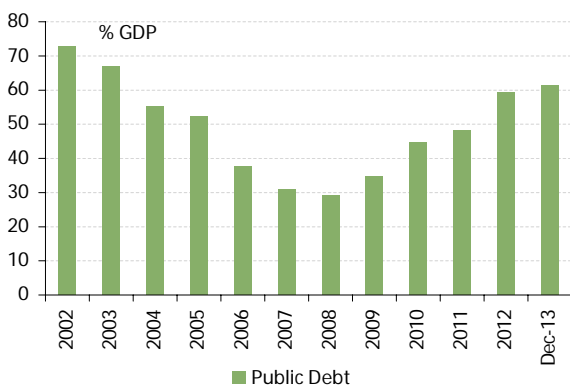
### 1.4 Carry Over Effect



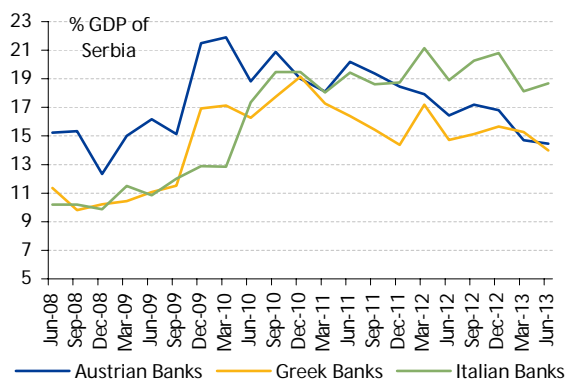
### 1.5 Retail Sales & Real Wages



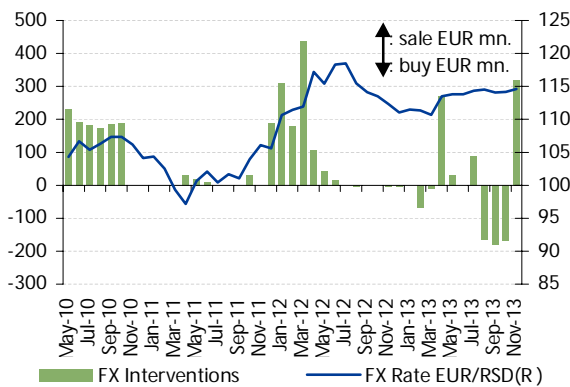
### 1.6 Public Debt



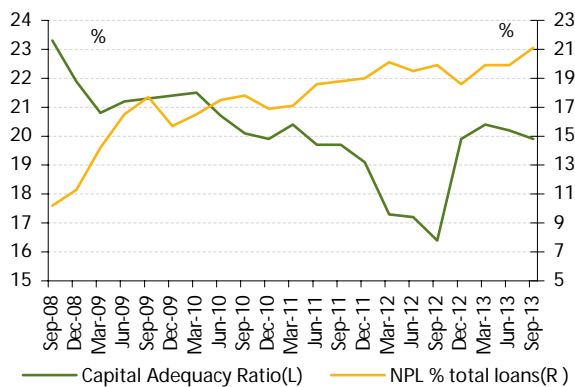
### 1.7 Foreign Claims



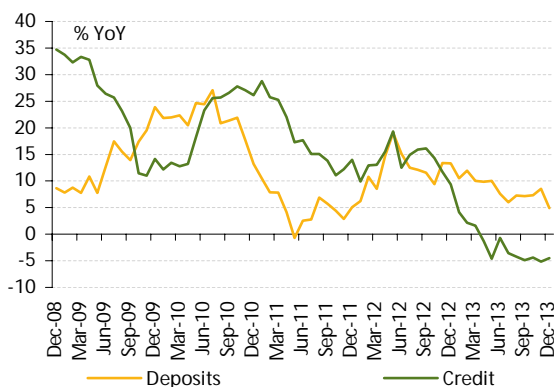
### 1.8 Central Bank Interventions in the Domestic FX Market & EUR/RSD



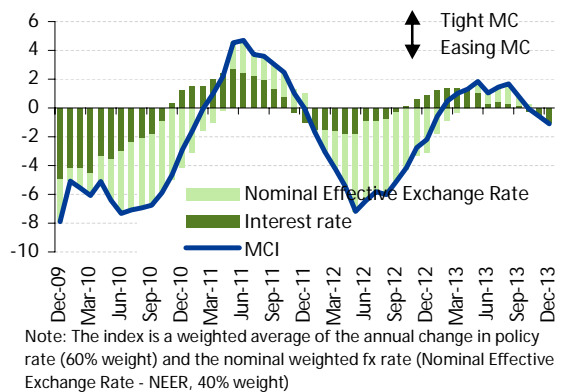
### 1.9 Capital Adequacy & NPLs



### 2.0 Private Sector Deposits & Credit



### 2.1 Monetary Conditions Index (MCI)



Source: Piraeus Bank Research, Datastream, National Sources, BIS

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